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ON PAGE A-1

NEW YORK TIMES
13 OCTOBER 1981

Ex-C.I.A Men Linked To Overseas Selling Of Sensitive Systems

This article is based on reporting by Philip Taubman and Jeff Gerth and was written by Mr. Taubman.

Special to The New York Times

WASHINGTON, Oct. 12—Two former agents of the Central Intelligence Agency joined forces with a small California electronics company in the 1970's in an effort to market sensitive American technology abroad, according to current and former company executives and company documents.

The former agents, Edwin P. Wilson and Frank E. Terpil, were indicted last year on charges of illegally shipping explosives to Libya and are now fugitives living abroad.

The California company, the Stanford Technology Corporation, apparently provided a legitimate base for some of Mr. Wilson's and Mr. Terpil's questionable transactions.

For example, they used the name of a Stanford Technology subsidiary, without the knowledge of company officials, to negotiate a deal to train terrorists in Libya and to sell military supplies to Idi Amin, then the leader of Uganda, according to Federal investigators and former associates of Mr. Wilson.

For its part, Stanford Technology, which had no association with Stanford University, hoped that the former agents would use their intelligence connections to generate business and gain Government approval for the company's exports, company officials said. Mr. Wilson and Mr. Terpil had left the C.I.A. by the time they joined Stanford Technology as salesmen, but they said they still worked for the agency, and company officials say they believed it.

The relationship between the company and the former agents did not, in the end, lead to much business for either, and Stanford Technology executives now say Mr. Wilson and Mr. Terpil created more trouble than business. But the relationship illustrates a twilight area of international commerce where some of the world's most sensitive and secret technology is traded purely for profit, with only limited control by the Federal Government.

The authorities say they are concerned about the apparent inability of the Government to monitor and prevent the unauthorized export of American

military technology and to control the activities of its former agents. These issues are now being investigated by the House Select Committee on Intelligence.

Stanford Technology had offices in Sunnyvale, Calif., in the heart of the Silicon Valley, where some of the nation's most sophisticated electronic and computer hardware is designed and manufactured. Earlier this year, as part of a reorganization, the company became a subsidiary of Analog Devices, a large electronics manufacturer. There is no evidence that Analog Devices knew of Mr. Wilson's and Mr. Terpil's association with Stanford Technology.

Before the two agents became affiliated with Stanford Technology the company had already engaged in transactions that raised foreign policy and export questions.

In 1975, Stanford Technology sold Iran a sophisticated electronic surveillance system that Shah Mohammed Riza Pahlavi planned to use to spy on the communications of his top military commanders, according to former employees of the company. American intelligence officials later said the equipment should not have been approved for export because of its advanced technology.

The principal owner of Stanford Technology, an Iranian businessman, operated a company in Teheran that provided Iranian Government officials with instructions about how they could disguise sophisticated electronic equipment like the surveillance system sold by Stanford Technology and avoid export licensing problems in the United States by assembling the systems outside America. The owner declined to be interviewed.

Radar Deal Sabotaged

Also in 1975, Stanford Technology put together a proposal to bid for a Turkish contract for an advanced radar warning system. At that time American arms sales to Turkey were banned because the Turks had invaded Cyprus, using United States-supplied military equipment in violation of a pact on how those arms were to be used. A company engineer who worked on the Turkish proposal said that, in light of the ban, he sabotaged the deal by watering down the proposal so it would be unacceptable to the Turks.

After Mr. Wilson and Mr. Terpil became affiliated with Stanford Technology in 1976, they arranged for Stanford Technology's parent corporation in Switzerland to construct a building to house computers in Libya. The con-

port of sensitive electronic warfare equipment from Stanford Technology to Egypt, according to a former associate of Mr. Wilson. He also arranged for the Iranian owner of Stanford Technology to meet with the same C.I.A. official, according to a former company employee. The deal was never struck.

Some of Mr. Wilson's and Mr. Terpil's transactions involving Stanford Technology were done without the knowledge of company officials. For example, they used the marketing subsidiary of Stanford Technology, Intercontinental Technology Inc., to conclude their deal to train terrorists in Libya, according to Federal investigators, and they eventually drew up the contract on the affiliate's stationery.

Richard T. Ashcroft, president of International Imaging Systems and head of Stanford Technology before the name change, minimized the involvement of Mr. Wilson and Mr. Terpil in the company's affairs. "Stanford Technology never obtained a contract through Wilson," he said in an interview.

Mr. Ashcroft acknowledged that Mr. Terpil had generated business for Stanford Technology.

Subsidiary's Involvement Denied

John N. Adams, a vice president of International Imaging, said in an interview that the American-based subsidiary of his company was not involved in deals with Mr. Wilson and Mr. Terpil that were consummated and that other questionable transactions were handled by Stanford Technology's parent company in Switzerland, the Stanford Technology Corporation, S.A.

A Federal investigation of Mr. Wilson and Mr. Terpil, which includes inquiries into possible bribery of Government officials, the use of Army Special Forces veterans to train terrorists in Libya and the possible involvement of Mr. Wilson in the attempted assassination of a Libyan student in Colorado last year, has not focused on the Stanford Technology connection, according to Justice Department officials.

Senior officials in the Reagan Administration, including Secretary of Defense Caspar W. Weinberger, say they are increasingly concerned that the transfer of technology abroad may undermine American superiority in mili-

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